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INTERSTATE COMMERCE COMMISSION

LEASE OF RAILROAD EQUIPMENT

DATED AS OF AUGUST 1, 1971

By and Between

FIRST WESTERN BANK AND TRUST COMPANY,
as Owner-Trustee,
Lessor

and

PULLMAN INCORPORATED,
Lessee

pc

[Covering 1,251 Covered Hopper Cars]

LEASE OF RAILROAD EQUIPMENT, dated as of August 1, 1971, between FIRST WESTERN BANK AND TRUST COMPANY, a California banking corporation, as Owner-Trustee, under a Trust Agreement (hereinafter called the "Trust Agreement" and said Owner-Trustee being hereinafter called "Lessor"), dated as of August 1, 1971, with The Northern Trust Company and PULLMAN INCORPORATED, a Delaware corporation (hereinafter called "Lessee" or "Manufacturer").

WHEREAS, Lessor has entered into an Equipment Trust Agreement dated as of August 1, 1971 (hereinafter called the "Equipment Trust Agreement") with United States Trust Company of New York, as Trustee (hereinafter called the "Trustee"), under which Lessor has agreed to cause to be sold, assigned and transferred to the Trustee security title to all the covered hopper cars (hereinafter called the "Cars") described in Annex A thereto and under which security title to the Cars will be reserved to the Trustee until Lessor fulfills all its obligations under the Equipment Trust Agreement;

WHEREAS, Lessee desires to lease from Lessor all the Cars as are delivered and accepted and settled for under the Equipment Trust Agreement on or prior to April 1, 1972, at the rentals and for the terms and upon the conditions, hereinafter provided;

WHEREAS, Lessee will sublease the Cars to the Trustees of the Property of the Penn Central Transportation Company, Debtor (hereinafter called "Sublessee"), pursuant to a Lease of Railroad Equipment dated as of April 21, 1971 (hereinafter called the "Sublease");

NOW, THEREFORE, in consideration of the promises and of the rentals to be paid and the covenants hereinafter mentioned to be kept and performed by Lessee, Lessor hereby leases the Cars to Lessee upon the following terms and conditions, but subject and subordinate to all the rights and remedies of the Trustee under the Equipment Trust Agreement.

SECTION 1. *Delivery and Acceptance of Cars.* During the manufacture of each Car Lessee will cause the materials and other components which are to be incorporated in, and used in the construction of,

such Car to be inspected by its authorized representative at Manufacturer's Butler, Pennsylvania plant. Promptly after completion of manufacture thereof Lessor will require Manufacturer to cause such Car to be tendered to Lessor and, on behalf of Lessor, to Lessee at said plant. Upon such tender Lessee will forthwith cause such Car to be further inspected by the authorized representative referred to above and, if such Car complies fully with the specifications and is in good order and ready for service, Lessee will cause such representative to execute and deliver to Lessor and to Manufacturer a certificate of inspection and a Certificate of Inspection and Acceptance of an authorized representative of Sublessee as contemplated by the Sublease, whereupon such Car shall be deemed to have been delivered to and accepted by Lessee, and shall be subject thereafter to all the terms and conditions of this Lease.

At all times during the continuance of this Lease title to the Cars shall be vested in Lessor to the exclusion of Lessee and Sublessee, and any rights of Lessee and Sublessee in respect of the Cars shall constitute a leasehold interest only.

Any of the Cars not delivered by Manufacturer to Lessor and accepted by Lessee and Sublessee on or before April 1, 1972, shall be excluded from this Lease and this Lease shall not be effective as to any Cars not so delivered and accepted.

SECTION 2. *Term of the Lease.* The initial term of this Lease, (hereinafter called the "Initial Term"), as to each Car shall commence on the date of delivery to Lessee specified in the certificate of inspection for such Car and, subject to the provisions of Sections 9 and 11 hereof, shall terminate on the day, (hereinafter called the "Initial Term Terminal Day"), preceding the fifteenth anniversary of the Average Date of Acceptance, as hereinafter defined in this Section 2. The term of this Lease shall expire on the Initial Term Terminal Day unless Lessee exercises either or both of its rights and options to extend the term of this Lease as hereinafter provided in this Section 2.

Unless an Event of Default under Section 11 hereof shall have occurred and be continuing, Lessee shall have the right and option, by written notice given to Lessor not less than ninety (90) days prior to the Initial Term Terminal Day, to extend, subject to the provisions of Section 9 hereof, the term of this Lease with respect to the Cars then subject to this Lease for an additional period of five (5) years, (hereinafter called the "First Extended Term"), commencing on the fifteenth anniversary of the Average Date of Acceptance, as hereinafter defined in this Section 2, and ending on the day, (hereinafter called the "First Extended Term Terminal Day"), preceding the twentieth anniversary of the Average Date of Acceptance, as hereinafter defined in this Section 2.

Unless an Event of Default under Section 11 hereof shall have occurred and be continuing, Lessee shall have the right and option, by written notice given to Lessor not less than ninety (90) days prior to the First Extended Term Terminal Day, to further extend, subject to the provisions of Section 9 hereof, the term of this Lease with respect to the Cars then subject to this Lease for an additional period of five (5) years, (hereinafter called the "Second Extended Term"), commencing on the twentieth anniversary of the Average Date of Acceptance, as hereinafter defined in this Section 2, and ending on the day, (hereinafter called the "Second Extended Term Terminal Day"), preceding the twenty-fifth anniversary of the Average Date of Acceptance, as hereinafter defined in this Section 2.

In the event that Sublessee exercises either or both of its rights and options to extend the term of the Sublease, the Lessee shall exercise its corresponding right and option hereunder to extend the term of the Lease.

From and after the date of execution hereof until the expiration or termination of the Initial Term or any extension thereof, as to any Car as set forth in this Section, this Lease shall not be subject to termination by Lessor except pursuant to Section 11 hereof upon the occurrence of an Event of Default, or by Lessee except pursuant to Section 9 hereof.

For the purposes of this Lease, the "Average Date of Acceptance" shall be the first day of the calendar month next succeeding a date

determined as follows: the number of Cars accepted by Lessee on each date of acceptance on or prior to April 1, 1972 shall in each case be multiplied by the number of days elapsed subsequent to the date of the acceptance of the first Car accepted; the products so obtained shall be added together and divided by the total number of Cars so accepted; and the quotient so obtained (rounded out to the nearest whole number) will be the number of days elapsed subsequent to the date of the acceptance of the first Car to and including the date which is the Average Date of Acceptance; *provided, however*, that the Average Date of Acceptance may be such other date as shall be agreed upon in writing by the Trustee, Lessor and Lessee.

Lessee shall deliver to the Trustee as promptly as possible a Lessee's Certificate (as defined in the Equipment Trust Agreement) setting forth the date of the Average Date of Acceptance as determined according to the next preceding paragraph. If the Lessee's Certificate is not so delivered within ten business days after the Cut-Off Date (as defined in the Equipment Trust Agreement), the Average Date of Acceptance shall be deemed to be December 1, 1971.

SECTION 3. *Rentals.* Lessee agrees to pay to Lessor, in cash, for the Initial Term of this Lease rental for each of the Cars subject to this Lease at the monthly rate specified for such type of Car in Exhibit A hereof. Such rental shall begin to accrue on the date on which such Car is delivered to and accepted by Lessee hereunder and continuing during the period ending on the earlier of (i) the Initial Term Terminal Day or (ii) the date, if any, on which this Lease shall terminate with respect to such Car pursuant to Section 9 or Section 11 hereof. The Lessee shall also pay to the Lessor as additional rental on the first day of each calendar month, such amounts, if any, when added to the rentals paid, if any, on such date as aforesaid, as will equal all payments due and payable to the Trustee pursuant to the Equipment Trust Agreement (without giving effect to any acceleration of the principal payments under the Equipment Trust Agreement due to an Event of Default [as defined in the Equipment Trust Agreement] not attributable to the Lessee), other than payments due and payable under Sections 3.03,

4.04(1) and 8.05 of the Equipment Trust Agreement. Lessor and Lessee further agree that any Investments (as defined in the Equipment Trust Agreement) will be made only at the direction of Lessee and (i) Lessor shall pay over to Lessee any amounts received by it pursuant to the last paragraph of Section 8.04 of the Equipment Trust Agreement; and (ii) Lessee will pay to Lessor as additional rental all amounts required to be paid by Lessor pursuant to Section 4.04(1)(b) of the Equipment Trust Agreement whether or not any of the Cars have been delivered hereunder.

In the event that Lessee exercises its first right and option to extend the term of this Lease, Lessee agrees to pay to Lessor, in cash, during the First Extended Term rental for each of the Cars then subject to this Lease at the monthly rate specified for such type of Car in Exhibit A hereof beginning on the fifteenth anniversary of the Average Date of Acceptance and ending on the earlier of (i) the First Extended Term Terminal Day or (ii) the date, if any, on which this Lease shall terminate with respect to such Car pursuant to Section 9 or Section 11 hereof.

In the event that Lessee exercises its second right and option to further extend the term of this Lease, Lessee agrees to pay to Lessor, in cash, during the Second Extended Term rental for each of the Cars then subject to this Lease equal to the Fair Rental Value, as hereinafter defined in this Section 3, of such Car on the twentieth anniversary of the Average Date of Acceptance beginning on such twentieth anniversary and ending on the earlier of (i) the Second Extended Term Terminal Day or (ii) the date, if any, on which this Lease shall terminate with respect to such Car pursuant to Section 9 or Section 11 hereof.

If on or before two months prior to the expiration of the First Extended Term of this Lease, Lessor and Lessee are unable to agree upon a determination of the Fair Rental Value of such Cars, the Fair Rental Value shall be determined by an independent appraiser mutually agreed upon by Lessor and Lessee, or failing such agreement, a panel of three independent appraisers, one of whom shall be selected by Lessor, the second by Lessee and the third designated by the first

two so selected. The appraiser or appraisers shall be instructed to make such determination within a period of thirty days following appointment and shall promptly communicate such determination in writing to Lessor and Lessee. The determination so made shall be conclusively binding upon both Lessor and Lessee. The expenses and fees of the appraiser or appraisers shall be borne by Lessee.

Fair Rental Value shall mean at any time for the determination thereof an amount determined on the basis of, and equal to, the value which would obtain in an arms'-length transaction between an informed and willing lessee-user (other than a lessee-user currently in possession) and an informed and willing lessor under no compulsion to lease and, in such determination, costs of removal from the location of current use shall not be a deduction from such value.

Lessee agrees to pay the rentals set forth in Exhibit A hereto (or the Fair Rental Value) to Lessor as follows: for the calendar month during which a Car is delivered and accepted a daily pro rata rental rate for such Car will be payable from the date of acceptance through the last day of that month on or before the 10th day of the following month and the rental for each succeeding month will be payable on the first business day of the calendar month next succeeding the calendar month in which the rental accrued.

Lessee will pay, to the extent legally enforceable, interest at the rate of ~~10~~^{10 1/2}% per annum upon rentals remaining unpaid after the same shall have become due and payable under any of the provisions of this Lease.

This Lease is a net lease and Lessee shall not be entitled to any abatement of rent, reduction thereof or set-off against rent, including, but not limited to, abatements, reductions or set-offs due or alleged to be due to, or by reason of, any past, present or future claims of Lessee against Lessor under this Lease or otherwise or against the Trustee; nor, except as otherwise expressly provided herein, shall this Lease terminate, or the respective obligations of Lessor or Lessee be otherwise affected, by reason of any defect in or damage to or loss of possession or loss of use of or destruction of all or any of the Cars from whatsoever cause, the prohibition of or other restriction against Les-

see's use of all or any of the Cars, the interference with such use by any private person or entity, the invalidity or unenforceability or lack of due authorization of this Lease or lack of right, power or authority of Lessor to enter into this Lease, or by reason of any failure by Lessor to perform any of its obligations herein contained, or for any other cause whether similar or dissimilar to the foregoing, any present or future law to the contrary notwithstanding, it being the intention of the parties hereto that the rents and other amounts payable by Lessee hereunder shall continue to be payable in all events in the manner and at the times herein provided unless the obligation to pay the same shall be terminated pursuant to the express provisions of this Lease.

Lessor irrevocably instructs Lessee to make, and Lessee agrees to make, all the payments provided for in this Lease in immediately available New York funds (for the account of Lessor, care of the Trustee at its office at 130 John Street, New York, New York 10038, attention of Corporate Trust Department). Such payments shall be applied by the Trustee to satisfy the obligations of Lessor under the Equipment Trust Agreement due and payable on the date (or the next succeeding Business Day as defined in the Equipment Trust Agreement) such payments are due and payable hereunder and, so long as no Event of Default under the Equipment Trust Agreement shall have occurred and be continuing, any balance shall be paid directly to Lessor at its offices at 235 Montgomery Street, San Francisco, California 94104.

SECTION 4. *Covenants, Representations, Warranties and Disclaimers Thereof.* Lessor makes no warranty or representation, either express or implied, as to the design, compliance with specifications, or condition of, or as to the quality of the material, equipment or workmanship in, or as to the suitability, adequacy, operation, use or performance of, the Cars delivered to Lessee hereunder, and Lessor makes no warranty of merchantability or fitness of the Cars for any particular purpose, it being agreed that all such risks, as between Lessor and Lessee, are to be borne by Lessee. Lessor shall have no responsibility or liability under this Lease to Lessee or any other person with respect to any of the following: (i) any liability, loss or

damage caused directly or indirectly by any Cars or by any inadequacy thereof or deficiency or defect therein or by any other circumstance in connection therewith; (ii) the use, operation or performance of any Cars or any risks relating thereto; (iii) any interruption of service, loss of business or anticipatory profits or consequential damages; or (iv) the delivery, operation, servicing, maintenance, repair, improvement or replacement of any Cars. Lessee's acceptance of delivery of the Cars shall be conclusive evidence as between Lessee, Lessor and Trustee, that all Cars described in a Certificate of Inspection and Acceptance are in all the foregoing respects satisfactory to Lessee and Lessee will not assert any claim of any nature whatsoever against Lessor or Trustee based on any of the foregoing matters.

Lessor represents and warrants that at the time of delivery of each Car under this Lease, Lessor shall have such title to such Car as is derived from the Manufacturer, unimpaired by any act or omission of Lessor which will in any manner prevent the performance of this Lease in accordance with its terms and, in addition, such Car shall be free and clear of all claims, liens and encumbrances (other than the Equipment Trust Agreement) which may result from claims against Lessor not arising out of the ownership thereof which will prevent the performance of this Lease in accordance with its terms.

Lessor covenants and agrees not to alter, amend or modify the Equipment Trust Agreement without the prior written consent of Lessee.

SECTION 5. *Opinion of Counsel.* Promptly after the execution and delivery of this Lease, Lessee will deliver to Lessor the written opinion of counsel for Lessee, in such number of counterparts as may reasonably be requested, and addressed to Lessor, in scope and substance satisfactory to it and its counsel, to the effect that (i) Lessee is a corporation legally incorporated and validly existing, in good standing, under the laws of the State of Delaware, with full corporate power to enter into this Lease; and (ii) this Lease has been duly authorized, executed and delivered by Lessee and constitutes a valid, legal and binding agreement, of Lessee, enforceable against Lessee in accordance with its terms.

SECTION 6. *Identification of Cars; Numbering.* Upon or before the delivery to Lessee of each of the Cars, Manufacturer has agreed to cause to be plainly, distinctly, permanently and conspicuously placed or fastened upon each side of such Car a legend bearing the following words in letters not less than one inch in height:

OWNED BY UNITED STATES TRUST COMPANY OF NEW YORK,
130 JOHN STREET, NEW YORK, NEW YORK,
AS TRUSTEE UNDER THE TERMS OF AN
EQUIPMENT TRUST AGREEMENT

or other appropriate words designated by Lessor or the Trustee, with appropriate changes thereof and additions thereto as from time to time may be required by law in order to protect the title of Lessor and the security title of the Trustee to each of the Cars and the rights of Lessor under this Lease and the Equipment Trust Agreement and of the Trustee under the Equipment Trust Agreement.

In case, during the continuance of this Lease, any such legend shall at any time be painted over or otherwise made inconspicuous, removed, defaced or destroyed on any Car, Lessee shall immediately cause the same to be restored or replaced. Lessee will not allow the name of any person, association or corporation to be placed on any of the Cars as a designation which might be interpreted as indicating a claim of ownership thereof by any person, association or corporation other than Lessor or its assignee; but the Cars may be lettered with the names or initials or other insignia customarily used by Lessee or any sublessee on equipment of the same or a similar type for convenience of identification of the rights to use and operate the Cars under this Lease.

On or prior to the time of delivery of each Car to Lessee, Manufacturer has agreed to cause to be placed on each side of such Car the identifying reporting mark PCB and the Sublessee's Road Number, such numbers to commence with 888749 and to run consecutively upwards. At all time thereafter, during the continuance of this Lease, Lessee will cause each Car to bear the numbers and reporting marks so assigned to it, and Lessee will not change or permit to be changed the numbers of any Car except in accordance with a statement of new numbers to be substituted therefor which previously shall have been filed with Lessor and Trustee by Lessee and filed, recorded or deposited

in all public offices where this Lease will have been filed, recorded or deposited.

SECTION 7. *Taxes.* Lessee agrees that, during the continuance of this Lease, in addition to the payments herein provided, Lessee will promptly pay all taxes, assessments and other governmental charges levied or assessed upon or in respect of the Cars or any thereof or upon the use or operation thereof or the earnings arising therefrom, if and to the extent that any such taxes, assessments or other governmental charges may give rise to any lien upon the Cars or may become a claim entitled to priority over any of the rights of Lessor or the Trustee in and to the Cars, and as additional rental will promptly pay or reimburse Lessor and the Trustee for all taxes, assessments and other governmental charges levied or assessed against Lessor or the Trustee or any predecessor or successor in title of Lessor or the Trustee solely on account of ownership of the Cars or any thereof or on account of the use or operation thereof or on account of the earnings arising therefrom (exclusive, however, of any tax in the nature of an income tax on the net income from the payments herein provided), including any sales, use or similar taxes payable on account of the sale or delivery of the Cars by the Manufacturer to Lessor and the Trustee or the leasing of the Cars hereunder; but Lessee shall not be required to pay the same so long as it shall in good faith and by appropriate legal or administrative proceedings contest the validity or amount thereof unless thereby, in the judgment of Lessor or the Trustee, the rights or interest of Lessor or the Trustee hereunder or under the Equipment Trust Agreement will be materially endangered nor shall the Lessee be required to make any tax payment which is deferred by order of a court having jurisdiction, provided that such deferment shall not subject the title of Lessor or of the Trustee in and to the Cars to any lien or encumbrance and the Lessee shall have furnished the Trustee with an opinion of counsel to that effect. In the event any tax reports are required to be made on the basis of individual Cars, Lessee will either make such reports in such manner as to show the ownership of such Cars by Lessor or will notify Lessor of such requirement and will make such report in such manner as shall be satisfactory to Lessor.

In the event Federal legislation is enacted prior to April 22, 1972, granting an investment tax credit which is applicable to the Cars and Lessor earns, obtains and retains in a permanently nonrefundable manner a benefit from such investment credit attributable to the Cars which it would not otherwise have enjoyed and retained had it not consummated this Lease, Lessor will pass on to Lessee in a mutually acceptable form such benefit derived by Lessor provided Lessee is not in default hereunder.

SECTION 8. *Maintenance, Additions, Liens and Insurance.*

(a) Lessee agrees, during the continuance of this Lease, at Lessee's own cost and expense, to maintain and keep all of the Cars in first class condition and repair and in good and efficient working order, reasonable wear and tear excepted, and acceptable for use in unrestricted interchange.

(b) Except for alterations or changes required by law, Lessee shall not, without the prior written approval of Lessor, effect any change in the design, construction or body of the Cars.

(c) Any parts installed or replacements made by Lessee upon any Car shall be considered accessions to such Car and title thereto shall be immediately vested in Lessor, without cost or expense to Lessor except that this shall not apply to special equipment installed in any Car by Lessee or the Sublessee provided that such equipment is removed before the Cars are returned to Lessor and all damage resulting from such installation and removal is repaired by Lessee and further provided that removal of such equipment does not affect the Cars' serviceability or use in unrestricted interchange.

(d) Lessee shall pay or satisfy and discharge any and all sums claimed by any party which, if unpaid, might become a lien or a charge upon the Cars or entitled to priority over or be *pari passu* with any of the rights of Lessor or the Trustee in and to the Cars, but Lessee shall not be required to discharge any such claim so long as it shall in good faith and by appropriate legal proceedings contest the validity thereof in any reasonable manner which, in the opinion of Lessor and the Trustee,

will not affect or endanger the title and interest of Lessor and the Trustee in and to the Cars. Lessee, at its own expense, will as soon as possible cause to be duly discharged any lien, charge, security interest or other encumbrance prior to or *pari passu* with the security title of the Trustee or the title of Lessor (other than an encumbrance resulting from claims against Lessor or the Trustee not related to the ownership or leasing of, or the security title of the Trustee to, the Cars) which may at any time be imposed on or with respect to any Car including any accession thereto or the interest of Lessor, the Trustee or Lessee therein.

(e) Lessee shall cause Sublessee to insure each Car with a reputable insurance company or companies from the time of delivery and acceptance thereof and at all times thereafter until Sublessee's obligation under the Sublease with respect to such Car have been discharged, against loss, damage or destruction thereof caused by fire, lightning, wreck, derailment, collision, flood, tornado, cyclone, sabotage, riot or civil commotion, such insurance, in the case of each Car, to be in an amount satisfactory to Lessor, except that such coverage may be limited so that no loss (1) amounting to not less than \$1,000 per Car or (2) amounting to more than \$100,000 per occurrence, shall be payable. All such insurance shall be taken for the benefit of the Trustee, Lessor, Lessee and Sublessee, as their respective interests may appear. All insurance proceeds received by the Trustee or Lessor with respect to any Car shall

(i) be paid to Lessee, in the case of repairable damage to such Car or Cars, upon receipt by Lessor from Lessee of proof in duplicate satisfactory to Lessor of the proper repair of such damage; or

(ii) be applied by Lessor, in the case of the loss, destruction or damage beyond repair of such Car or Cars, towards the satisfaction of Lessee's obligation to make the payment required by Section 9 hereof.

(f) All such policies required above shall contain a provision to the effect that the insurer will give Lessor thirty (30) days prior written notice before cancellation or modification of any such policy is effective.

(g) The proceeds of any insurance received by Lessor on account of a lost, stolen, destroyed or damaged Car in respect of which Lessee shall have made payment to Lessor pursuant to Section 9 hereof, shall be released to Lessee upon a written application signed by Lessee or a person duly authorized by the Lessee, *provided, however*, that if an Event of Default has occurred and is continuing hereunder, such proceeds may be applied by Lessor against any liability of Lessee to Lessor hereunder.

SECTION 9. *Loss, Theft or Destruction of Car.* In the event any Car is lost or stolen or is destroyed or damaged beyond economic repair from any cause whatsoever during the Initial Term of this Lease, Lessee shall promptly and fully inform Lessor and the Trustee of such occurrence. On the business day next preceding the first day of each month in each year next succeeding such notice (or in the event such payment date shall occur within 15 days after such notice, on the business day preceding the first day of the following month) Lessee shall pay to Lessor, as liquidated damages in lieu of any further claim of Lessor hereunder in respect of such Car, except for such claims as arise or exist under Sections 7 and 8 hereof, an amount equal to the accrued unpaid rental for such Car to such payment date plus a sum equal to the greater of (a) the value thereof as determined pursuant to Section 4.07 of the Equipment Trust Agreement and (b) that percentage of the Cost of such Car as is set forth in the following schedule opposite each payment date:

| <u>Payment Date</u> | <u>Percentage of Cost</u> | <u>Payment Date</u> | <u>Percentage of Cost</u> |
|---------------------|-------------------------------|---------------------|-------------------------------|
| 1 | 101.33409 | 11 | 104.02852 |
| 2 | 101.65044 | 12 | 104.23917 |
| 3 | 101.95658 | 13 | 104.43881 |
| 4 | 102.25243 | 14 | 104.62735 |
| 5 | 102.53790 | 15 | 104.80471 |
| 6 | 102.81293 | 16 | 104.97080 |
| 7 | 103.07742 | 17 | 105.12555 |
| 8 | 103.33131 | 18 | 105.26886 |
| 9 | 103.57451 | 19 | 105.40065 |
| 10 | 103.80694 | 20 | 105.52084 |

| <u>Payment Date</u> | <u>Percentage of Cost</u> | <u>Payment Date</u> | <u>Percentage of Cost</u> |
|---------------------|-------------------------------|---------------------|-------------------------------|
| 21 | 105.62933 | 61 | 96.13728 |
| 22 | 105.72604 | 62 | 95.60435 |
| 23 | 105.81087 | 63 | 95.06936 |
| 24 | 105.88375 | 64 | 94.93230 |
| 25 | 105.94457 | 65 | 93.99315 |
| 26 | 105.99325 | 66 | 93.45191 |
| 27 | 106.02971 | 67 | 92.90858 |
| 28 | 106.05383 | 68 | 92.36313 |
| 29 | 106.07152 | 69 | 91.81556 |
| 30 | 106.08531 | 70 | 91.26585 |
| 31 | 106.09521 | 71 | 90.71400 |
| 32 | 106.10120 | 72 | 90.16000 |
| 33 | 106.10328 | 73 | 89.60384 |
| 34 | 106.10144 | 74 | 89.04550 |
| 35 | 106.09568 | 75 | 88.48497 |
| 36 | 106.08598 | 76 | 87.92225 |
| 37 | 106.07234 | 77 | 87.35732 |
| 38 | 106.05476 | 78 | 86.79018 |
| 39 | 106.03322 | 79 | 86.22080 |
| 40 | 106.00773 | 80 | 85.64919 |
| 41 | 105.59733 | 81 | 85.07533 |
| 42 | 105.18108 | 82 | 84.49920 |
| 43 | 104.75898 | 83 | 83.92080 |
| 44 | 104.33100 | 84 | 83.34012 |
| 45 | 103.89713 | 85 | 82.75715 |
| 46 | 103.45733 | 86 | 82.17187 |
| 47 | 103.01160 | 87 | 81.58427 |
| 48 | 102.55992 | 88 | 80.99434 |
| 49 | 102.10226 | 89 | 80.40207 |
| 50 | 101.63861 | 90 | 79.80746 |
| 51 | 101.16895 | 91 | 79.21047 |
| 52 | 100.69325 | 92 | 78.61111 |
| 53 | 100.21150 | 93 | 78.00937 |
| 54 | 99.72369 | 94 | 77.40522 |
| 55 | 99.22977 | 95 | 76.79867 |
| 56 | 98.72975 | 96 | 76.19969 |
| 57 | 98.22360 | 97 | 75.57828 |
| 58 | 97.71130 | 98 | 74.96442 |
| 59 | 97.19282 | 99 | 74.34811 |
| 60 | 96.66815 | 100 | 73.72932 |

| <u>Payment Date</u> | <u>Percentage of Cost</u> | <u>Payment Date</u> | <u>Percentage of Cost</u> |
|---------------------|-------------------------------|---------------------|-------------------------------|
| 101 | 73.10805 | 141 | 46.07099 |
| 102 | 72.48428 | 142 | 45.33643 |
| 103 | 71.85801 | 143 | 44.59879 |
| 104 | 71.22921 | 144 | 43.85808 |
| 105 | 70.59788 | 145 | 43.11427 |
| 106 | 69.96401 | 146 | 42.36734 |
| 107 | 69.32758 | 147 | 41.61729 |
| 108 | 68.68857 | 148 | 40.86408 |
| 109 | 68.04699 | 149 | 40.10772 |
| 110 | 67.40280 | 150 | 39.34818 |
| 111 | 66.75601 | 151 | 38.58544 |
| 112 | 66.10659 | 152 | 37.81949 |
| 113 | 65.45453 | 153 | 37.05032 |
| 114 | 64.79983 | 154 | 36.27790 |
| 115 | 64.14247 | 155 | 35.50222 |
| 116 | 63.48242 | 156 | 34.72327 |
| 117 | 62.81969 | 157 | 33.94102 |
| 118 | 62.15426 | 158 | 33.15546 |
| 119 | 61.48611 | 159 | 32.36657 |
| 120 | 60.81523 | 160 | 31.57434 |
| 121 | 60.14160 | 161 | 30.77874 |
| 122 | 59.46522 | 162 | 29.97977 |
| 123 | 58.78606 | 163 | 29.17739 |
| 124 | 58.10412 | 164 | 28.37161 |
| 125 | 57.41938 | 165 | 27.56239 |
| 126 | 56.73183 | 166 | 26.74972 |
| 127 | 56.04145 | 167 | 25.93358 |
| 128 | 55.34822 | 168 | 25.11396 |
| 129 | 54.65214 | 169 | 24.29084 |
| 130 | 53.95319 | 170 | 23.46419 |
| 131 | 53.25135 | 171 | 22.63401 |
| 132 | 52.54661 | 172 | 21.80026 |
| 133 | 51.83896 | 173 | 20.96294 |
| 134 | 51.12837 | 174 | 20.12203 |
| 135 | 50.41484 | 175 | 19.27750 |
| 136 | 49.69836 | 176 | 18.42934 |
| 137 | 48.97889 | 177 | 17.57752 |
| 138 | 48.25644 | 178 | 16.72204 |
| 139 | 47.53098 | 179 | 15.86287 |
| 140 | 46.80251 | 180 | 15.00000 |

SECTION 21. *Notices.* All demands, notices and other communications hereunder shall be in writing and shall be deemed to have been duly given when personally delivered or delivered to a United States post office, first-class postage prepaid, or to a telegraph office, charges prepaid, addressed as follows:

If to Lessor:

First Western Bank and Trust Company
235 Montgomery Street
San Francisco, California 94104
Attention: Edgar Canfield,
Vice President and
Trust officer

(with a copy to The Northern Trust Company, 50 South La. Salle Street, Chicago, Illinois 60690, *attention of* Richard W. Resseguie, Vice President, Banking Division II)

If to Lessee:

Pullman Incorporated
200 South Michigan Avenue
Chicago, Illinois 60604

Attention:

or to such other addresses as may hereafter be furnished in writing by either party to the other.

SECTION 22. *Governing Law.* The provisions of this Lease and all rights and obligations hereunder shall be governed by and construed in accordance with the laws of the State of New York.

SECTION 23. *Survival of Covenants.* Any other provisions contained in this Lease to the contrary notwithstanding, it is hereby agreed that the provisions of Sections 7, 10, 11, 13 and 15 hereof shall survive the expiration or termination hereof.

SECTION 24. *Successors and Assigns.* Subject to the provisions of Section 13, this Lease shall be binding upon and shall inure to the benefit of Lessor and Lessee and their respective successors and assigns, and no other persons shall have or acquire any right under or by virtue of this Lease.

SECTION 25. *Execution in Counterparts.* This Lease may be executed simultaneously in several counterparts, each of which so executed shall be deemed to be an original, and all such counterparts together shall constitute but one and the same instrument.

SECTION 26. *Recording.* Lessee, without expense to Lessor, will cause the Equipment Trust Agreement, this Lease and all amendments, supplements and assignments hereof or thereof, to be duly filed and recorded and re-filed and re-recorded with the Interstate Commerce Commission in accordance with Section 20c of the Interstate Commerce Act and to be deposited with the Registrar General of Canada in accordance with Section 148 of the Railway Act (a notice of such deposit to be given in the "Canada Gazette" pursuant to said Section 148). Lessee will promptly furnish to Lessor and Trustee certificates or other evidences of such filing and recording and re-filing and re-recording and an opinion satisfactory to Lessor of counsel for Lessee, or an attorney designated by him satisfactory to Lessor, with respect thereto. In addition, Lessee shall do and perform all such other acts as may be required by law, or reasonably requested by Lessor, for the protection of Lessor's title to and Trustee's interest in the Cars.

SECTION 27. *No Recourse.* No recourse shall be had in respect of any obligation due under this Lease, or referred to herein, against any incorporator, stockholder, director or officer, past, present or future, of Lessor or Lessee, or assignee or assignees or transferee or transferees of Lessor, or against any beneficiary or beneficiaries of Lessor under the Trust Agreement (disclosed or undisclosed), solely by reason of the fact that such person is an incorporator, stockholder, director, officer or beneficiary, whether by virtue of any constitutional

of their ownership or security title to the Cars and claims, demands, suits, judgments or causes of action for or on account of injury to or death of persons, or loss or damage to property which may result from or grow in any manner out of the control, use or operation of the Cars under this Lease whether or not in the possession of Lessee, *provided, however*, that Lessee does not assume liability in respect of representatives, agents or employees of the Lessor, and *provided, further, however*, that Lessor will assign or pay over to Lessee any and all claims which it may have against third parties in respect of loss or damage to the Cars if Lessee is not in default under this Lease.

SECTION 11. *Default.* If, during the continuance of this Lease or any extension thereof, one or more of the following events shall occur:

(a) default shall be made in the payment of any part of the rental provided in Section 3 hereof and such default shall continue for ten (10) days after written notice from Lessor to Lessee;

(b) Lessee shall make or suffer any unauthorized assignment or transfer of this Lease or any unauthorized sublease or any unauthorized transfer of possession of the Cars or any of them and shall fail or refuse to cause the same to be cancelled by agreement of all parties having any interest therein and to recover possession of such Car or Cars within thirty (30) days after written notice from Lessor to Lessee demanding such cancellation and recovery of possession;

(c) any Car is requisitioned, taken over or nationalized by any governmental authority under the power of eminent domain or otherwise during the term of this Lease (except by any corporation or governmental agency which acquires the greater portion of the lines of railroad comprised in Sublessee's estate upon termination of the present trusteeship of the property of Sublessee and any successor if, in any case, it (i) shall have assumed all of the obligations of the Sublessee under the Sublease and (ii) such action does not impair the lien of the Trustee on the Equipment) and all of the obligations of Lessee hereunder are not assumed by such

governmental authority within sixty (60) days after such nationalization, and in which event, Lessor shall be entitled to the full amount of any award or recovery from such occurrence and Lessee hereby expressly waives any right or claim to any part of such award or recovery as damages or otherwise;

(d) default shall be made in the observance or performance of any other of the covenants, conditions and agreements on the part of Lessee contained herein and such default shall continue for thirty (30) days after written notice from Lessor to Lessee specifying the default and demanding the same to be remedied;

(e) any proceedings shall be commenced by or against Lessee for any relief under any bankruptcy or insolvency laws, or laws relating to the relief of debtors, readjustments of indebtedness, reorganizations, arrangements, compositions or extensions (other than a law which does not permit any readjustments of the obligations of Lessee hereunder), unless such proceedings shall have been dismissed, nullified, stayed or otherwise rendered ineffective (but then only so long as such stay shall continue in force or such effectiveness shall continue), and all the obligations of Lessee under this Lease shall not have been duly assumed in writing by a trustee or trustees or receiver or receivers appointed for Lessee or for its property in connection with any such proceedings or otherwise given the same status as obligations assumed by such a trustee or trustees or receiver or receivers, within thirty (30) days after such appointment; if any, or sixty (60) days after such proceedings shall have been commenced, whichever shall be earlier;

then, in any such case (herein sometimes called Events of Default), Lessor, at its option, may

(1) proceed by appropriate court action or actions, either at law or in equity, to enforce performance by Lessee of the applicable covenants of this Lease or to recover damages for the breach thereof; or

(2) by notice in writing to Lessee terminate this Lease, whereupon all right of Lessee to the use of the Cars shall absolutely cease and determine as though this Lease had never been made, but Lessee shall remain liable as herein provided; and thereupon Lessee shall deliver possession of the Cars to Lessor in accordance with Section 15 hereof unless such delivery is impossible because the Cars or any portion thereof were requisitioned, taken over or nationalized as described in paragraph (c) of this Section 11 and Lessor may by its agents enter upon the premises of Lessee or other premises where any of the Cars may be and take possession of all or any of such Cars (damages occasioned by such taking of possession are hereby expressly waived by Lessee) and thenceforth hold, possess and enjoy the same free from any right of Lessee, or Lessee's successors or assigns or sublessees, to use the Cars for any purpose whatever; but Lessor shall nevertheless, have a right to recover from Lessee any and all amounts which under the terms of this Lease may be then due or which may become due and unpaid for the use of the Cars (including rentals accruing on the Cars after the date of default); and also to recover forthwith from Lessee (to the extent not recovered pursuant to the foregoing) the following:

(i) as damages for loss of the bargain and not as a penalty, a sum, with respect to Cars whose term has not expired, which represents the excess of the present worth, at the time of such termination, of the aggregate of the rentals for the Cars which would otherwise have accrued hereunder from the date of such termination to the Terminal Day of the then current term over the then present worth of the Fair Rental Value of such Cars for such period; plus interest on such excess at the rate of 10% per annum commencing on the date of such notice. Such present worths are to be computed in each case by discounting such rental payments at a rate of 9% per annum compounded monthly from the respective dates upon which rentals would have been payable hereunder had this Lease not been terminated to the time of such termination,

(ii) any expenses incurred in the retaking, storage, repairing and lease, sale or other disposition, and reasonable attorneys' fees incurred by Lessor, plus an amount equal to accrued taxes and other amounts payable hereunder by Lessee with respect to the Cars, all costs, expenses, losses and damages incurred or sustained by Lessor by reason of such default, and interest at the rate of 10% per annum on each of the foregoing items in this subparagraph (ii) and on all other sums not paid when due under this Lease; and

(iii) an amount which, after deduction of all taxes required to be paid by Lessor (or the beneficiary under the Trust Agreement) in respect of the receipt thereof under the laws of the United States or any political subdivision thereof, shall be equal to any portion of the increase in the tax liability of Lessor (or such beneficiary) attributable to the loss or reduction of the Rapid Amortization Deduction (as hereinafter defined) in respect of a Car which is so lost or reduced as a result of the sale or other disposition of Lessor's interest in such Car after the occurrence of an Event of Default.

Anything in this Section 11 to the contrary notwithstanding, any default in the observance or performance of any covenant, condition or agreement on the part of Lessee which results solely in the loss by Lessor of, or the loss by Lessor of the right to claim, or the disallowance with respect to Lessor of, all or any portion of the amortization deduction with respect to a Car provided for in Section 184 of the Internal Revenue Code of 1954, as amended, or any successor section thereto (herein called the Rapid Amortization Deduction), shall be, for all purposes of this Lease, deemed to be cured if Lessee shall, on or before the next rental payment date after written notice from Lessor of the loss, or the loss of the right to claim, or the disallowance of the Rapid Amortization Deduction in respect of such Car, have been paid to Lessor the supplemental rent in respect of such Car determined as provided in the second paragraph of Section 10 of the Lease.

If on the date of such termination or repossession, any Car is damaged, lost, stolen or destroyed or is subject to any levy, seizure, assignment, application or sale for or by any creditor, Lessee shall also remain liable for payment of the amounts specified in Section 9 hereof.

The remedies in this Lease provided in favor of Lessor shall not be deemed exclusive, but shall be cumulative, and shall be in addition to all other remedies in its favor existing at law or in equity. Lessee hereby waives any mandatory requirements of law, now or hereafter in effect, which might limit or modify any of the remedies herein provided, to the extent that such waiver is permitted by law. No delay or omission of Lessor in the exercise of any power or remedy given herein shall be deemed a waiver of such power or remedy. In the event that Lessor shall bring suit and be entitled to judgment hereunder, then Lessor shall be entitled to recover reasonable expenses, including attorneys' fees and the amount thereof shall be included in such judgment.

SECTION 12. *Possession and Use of the Cars.* Lessee, so long as it shall not be in default under this Lease, shall be entitled to the possession and use of the Cars. Such possession and use shall be limited (a) to subletting all of the Cars to Sublessee pursuant to the Sublease, or (b) upon the occurrence of an event of default under the Sublease, to resubletting all of the Cars to other users. If Lessee elects to so resublease during the first five (5) years of the Initial Term of this Lease, Lessee agrees that it will use its best efforts to resublet all or as many of the Cars as it can, to other domestic common carriers in such manner as to permit a continuation of amortization under Section 184 of the Internal Revenue Code of 1954, as amended. Such resubletting shall be upon terms and conditions and at rental rates substantially similar to those that would apply to the remainder of the term of the Sublease and upon and subject to all the terms and conditions of the Equipment Trust Agreement and this Lease, and to all rights of the Trustee under the Equipment Trust Agreement and of Lessor hereunder. Upon Lessee's election to resublease the Cars, Lessee shall immediately notify Lessor and Lessor shall have the right, but not

the obligation, during a sixty (60) day period from the date of such notice to resublet for and on behalf of Lessee and on the same terms and conditions as would apply if Lessee had resublet such Cars. During such period Lessor shall use its best efforts so that the term of the Sublease shall continue in full force and effect in order to avoid a constructive termination under Section 184 (e) (6) of the Internal Revenue Code of 1954 or any existing election of amortization under Section 184 (b) of the Code. Any of the Cars not resublet during such sixty (60) day period may be resublet by Lessee to any other user upon terms and conditions and at rental rates acceptable to Lessee and upon and subject to all the terms and conditions of the Equipment Trust Agreement and this Lease, and to all of the rights of the Trustee under the Equipment Trust Agreement and of Lessor hereunder.

SECTION 13. *Assignment.*

(a) All rights, benefits and advantages of Lessor hereunder may be assigned, pledged, mortgaged, transferred or otherwise disposed of, either in whole or in part and/or Lessor may assign, pledge, mortgage, transfer or otherwise dispose of title to the Cars, with or without notice to Lessee. In the event of any such assignment, pledge, mortgage, transfer or other disposition, this Lease and all of Lessee's rights under this Lease, and all rights of any person, firm or corporation who claims or who may hereafter claim any rights under this Lease under or through Lessee, are hereby made subject and subordinate to the terms, covenants and conditions of any chattel mortgages, conditional sale agreements, agreements and assignments, and/or equipment trust agreements (including the Equipment Trust Agreement) covering the Cars or any of them heretofore or hereafter created and entered into by Lessor, its successors or assigns, and to all of the rights of any such chattel mortgagee, assignee, trustee or other holder of the legal title to the Cars. Any assignment or transfer of Lessee's leasehold interest hereunder in the Cars and possession thereof permitted by this Section 13 that is made by Lessee, its successors or assigns, shall contain language which expressly makes such sublease subject to the subordination contained in this Section 13 (a).

(b) Lessee, without the prior written consent of Lessor, shall not sell, assign, transfer or encumber its leasehold interest under this Lease in any of the Cars, except that Lessee may assign and transfer its leasehold interest hereunder in the Cars and the possession thereof as provided in Section 12 and also to any corporation which shall have assumed all of the obligations hereunder of Lessee and into or with which Lessee shall have merged or consolidated or which shall have acquired the property of the Lessee as an entirety or substantially as an entirety. No such assignment or transfer shall be made if, after giving effect thereto, any Car would not be deemed to be "qualified railroad rolling stock" within the meaning of Section 184(d) of the Internal Revenue Code of 1954, as amended. Any assignment prohibited by this Section 13 shall be void.

SECTION 14. *Reports; Right to Inspect the Cars.*

(a) During the continuance of this Lease, Lessee will immediately report to Lessor each accident which causes any damage to the Cars, including but not limited to any accident arising out of the alleged or apparent manufacturing, functioning or operation of any of the Cars. Such report shall contain the time, place and nature of the accident and the damage suffered, the names and addresses of parties involved, persons injured, if any, witnesses and owners of property damaged, if any, and such other information as may be known, and promptly advise Lessor of all correspondence, papers, notices and documents whatsoever received by Lessee in connection with any claim or demand involving or relating to such accident or charging Lessor with liability. Lessee agrees that it and its agents, employees and representatives will cooperate with Lessor in the investigation and defense of all such claims and that they will aid in the recovery of damages from any third parties responsible therefor.

(b) During the term hereof, Lessee will furnish to Lessor and the Trustee on or before April 1 in each year (commencing with the year 1973) and on such other dates as Lessor or the Trustee may from time to time reasonably request, an accurate report certified by a duly authorized agent of Lessee or officer stating as of a recent date (but,

in the case of each annual statement, not earlier than the preceding December 31 and in the case of any other such statement, not earlier than a date ninety (90) days preceding the date of such statement):

(a) (i) the car numbers of the Cars then subject to this Lease, (ii) the car numbers of all Cars that have become worn out, lost, destroyed, irreparably damaged or rendered permanently unfit for use since the date of the previous report (or since the date hereof in the case of the first such report), (iii) the car numbers of all Cars being repaired or awaiting repairs, and (iv) the car numbers of all Cars that have been requisitioned, taken over or nationalized by any governmental authority since the date of the previous report (or since the date hereof in the case of the first such report); (b) that all Cars then subject to the Lease have been maintained in accordance with Section 8(a) hereof or, if such be the case, are then being repaired in accordance with Section 8 hereof, and that the legend placed on the Cars as required by Section 6 hereof and Section 4.06 of the Equipment Trust Agreement has been preserved or repainted on each side of each Car and that the identifying reporting mark and the appropriate car number have been preserved or repainted on each side of each Car as required by those Sections; (c) certifying that no default has occurred and is continuing under the Lease, or specifying all such defaults and the action being taken by the Lessee to remedy the same, and (d) such other information regarding the location, condition and state of repair of the Cars as Lessor or the Trustee may reasonably request.

(c) Lessor and the Trustee shall have the right, at their sole cost and expense, by their authorized agents, employees and/or representatives, to inspect the Cars and Lessee's records with respect thereto, at such times and from time to time during the continuance of this Lease as may be reasonably necessary to confirm to the satisfaction of Lessor and the Trustee the existence and proper maintenance of the Cars; *provided, however*, that notwithstanding any contrary provision hereof, Lessee does not assume liability for injury to, or the death of, any agents, employees and/or representatives of Lessor or the Trustee or other persons while exercising any right under this Section 14(c).

SECTION 15. *Return of Cars.* Upon the expiration of the term of this Lease, or if Lessor shall rightfully demand possession of the Car pursuant to this Lease or otherwise, Lessee shall forthwith remove or cause any lettering of the names or initials or other insignia customarily used by Lessee or Sublessee to be removed from the Cars at its cost and expense and deliver the possession of the Cars to Lessor.

On the termination of this Lease pursuant to its terms (otherwise than pursuant to Section 11 hereof) Lessee shall at its own cost and expense forthwith assemble the Cars and place them upon such storage tracks of Sublessee as Lessor may designate, or in the absence of such designation, as Lessee may select, and Lessor shall be permitted to store said Cars on such tracks at the expense of Lessee for a period not exceeding one hundred (100) days from the date that all Cars are so assembled at the risk of Lessor, and Lessee shall cause at Lessee's expense the Cars, or any thereof, to be transported or cause to be transported, at any time within such one hundred (100) day period, to any place or places on the lines of railroad operated by Sublessee or to any connecting carrier for shipment, all as directed by Lessor.

If the Lessor shall rightfully demand possession of the Cars pursuant to Section 11 hereof, the Lessee shall at its own cost and expense forthwith assemble the Cars and place them upon such storage tracks as Lessor may reasonably request (or, if Lessor and Lessee agree, upon such storage tracks of Sublessee) as Lessor may designate, or in the absence of such designation, as Lessee may select, and Lessor shall be permitted to store said Cars at the expense of Lessee on such tracks at the risk of Lessee until the Cars have been sold, leased or otherwise disposed of by Lessor and Lessee shall at Lessee's expense cause the Cars to be transported to any connecting carrier for shipment if so directed by Lessor.

The assembling, delivery, storage and transporting of the Cars as hereinabove provided are of the essence of this Lease, and upon application to any court of equity having jurisdiction in the premises Lessor shall be entitled to a decree against Lessee so as to assemble, deliver, store and transport the Cars.

Without in any way limiting the obligation of Lessee under the foregoing provisions of this Section 15, Lessee hereby irrevocably appoint Lessor as the agent and attorney of Lessee, with full power and authority, at any time while Lessee is obliged to deliver possession of any Car to Lessor, to demand and take possession of such Car in the name and behalf of Lessee from whomsoever shall be at the time in possession of such Car.

Except as otherwise provided in Section 9 hereof, in the event that any Car or Cars subject to this Lease are not redelivered to Lessor on or before the date on which the term of this Lease expires, all of the obligations of Lessee under this Lease with respect to such Car or Cars shall remain in full force and effect until such Car or Cars are redelivered to Lessor.

SECTION 16. *Purchase Options.* Provided that this Lease has not been earlier terminated and Lessee is not in default hereunder, Lessee may by written notice delivered to Lessor not less than six months prior to the end of the Initial Term, the First Extended Term or the Second Extended Term of this Lease, elect to purchase all of the Cars covered by this Lease at the end of such term or extension of this Lease for a purchase price equal to the Fair Market Value of such Cars as of the end of such term or extension.

If on or before four months prior to the extension of the term of this Lease or any extension thereof, Lessor and Lessee are unable to agree upon a determination of the Fair Market Value of the Cars, the Fair Market Value shall be determined by an appraiser or appraisers under the same procedures as are set forth in Section 3 hereof.

Fair Market Value shall mean at any time for the determination thereof an amount determined on the basis of, and equal to, the value which would obtain in an arm's-length transaction between an informed and willing buyer-user (other than (i) a lessee currently in possession and (ii) a used equipment dealer) and an informed and willing seller under no compulsion to sell and, in such determination, costs of removal from the location of current use shall not be a deduction from such value.

SECTION 24. *Successors and Assigns.* Subject to the provisions of Section 13, this Lease shall be binding upon and shall inure to the benefit of Lessor and Lessee and their respective successors and assigns, and no other persons shall have or acquire any right under or by virtue of this Lease.

SECTION 25. *Execution in Counterparts.* This Lease may be executed simultaneously in several counterparts, each of which so executed shall be deemed to be an original, and all such counterparts together shall constitute but one and the same instrument.

SECTION 26. *Recording.* Lessee, without expense to Lessor, will cause the Equipment Trust Agreement, this Lease and all amendments, supplements and assignments hereof or thereof, to be duly filed and recorded and re-filed and re-recorded with the Interstate Commerce Commission in accordance with Section 20c of the Interstate Commerce Act and to be deposited with the Registrar General of Canada in accordance with Section 148 of the Railway Act (a notice of such deposit to be given in the "Canada Gazette" pursuant to said Section 148). Lessee will promptly furnish to Lessor and Trustee certificates or other evidences of such filing and recording and re-filing and re-recording and an opinion satisfactory to Lessor of counsel for Lessee, or an attorney designated by him satisfactory to Lessor, with respect thereto. In addition, Lessee shall do and perform all such other acts as may be required by law, or reasonably requested by Lessor, for the protection of Lessor's title to and Trustee's interest in the Cars.

SECTION 27. *No Recourse.* No recourse shall be had in respect of any obligation due under this Lease, or referred to herein, against any incorporator, stockholder, director or officer, past, present or future, of Lessor or Lessee, or assignee or assignees or transferee or transferees of Lessor, or against any beneficiary or beneficiaries of Lessor under the Trust Agreement (disclosed or undisclosed), solely by reason of the fact that such person is an incorporator, stockholder, director, officer or beneficiary, whether by virtue of any constitutional

provision, statute or rule of law or by enforcement of any assessment or penalty or otherwise, all such liability, whether at common law, in equity, by any constitutional provision, statute or otherwise, of incorporators, stockholders, directors, officers or beneficiaries being forever released as a condition of and as consideration for the execution of this Lease.

IN WITNESS WHEREOF, Lessor and Lessee have each caused this Lease to be executed in its respective corporate names, by one of its officers thereunto duly authorized, and its respective corporate seal to be hereunto affixed and duly attested, and all as of the day and year first above written.

FIRST WESTERN BANK AND TRUST
COMPANY, as Owner-Trustee,

By



Vice President and
Trust Officer.

ATTEST:



Assistant Secretary.

PULLMAN INCORPORATED,

By



Vice President.

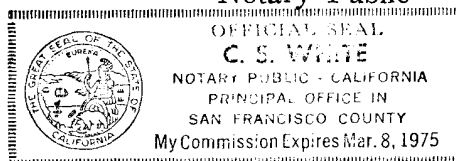
ATTEST:



Assistant Secretary.

rd of Directors, and he
going instrument was the

STATE OF ILLINOIS }
COUNTY OF COOK } ss.:



[NOTARIAL SEAL]

My commission expires _____

SECTION 21. *Notices.* All demands, notices and other communications hereunder shall be in writing and shall be deemed to have been duly given when personally delivered or delivered to a United States post office, first-class postage prepaid, or to a telegraph office, charges prepaid, addressed as follows:

If to Lessor:

First Western Bank and Trust Company
235 Montgomery Street
San Francisco, California 94104
Attention: Edgar Canfield,
Vice President and
Trust officer

(with a copy to The Northern Trust Company, 50 South La. Salle Street, Chicago, Illinois 60690, *attention of* Richard W. Resseguie, Vice President, Banking Division II)

If to Lessee:

Pullman Incorporated
200 South Michigan Avenue
Chicago, Illinois 60604

Attention:

or to such other addresses as may hereafter be furnished in writing by either party to the other.

SECTION 22. *Governing Law.* The provisions of this Lease and all rights and obligations hereunder shall be governed by and construed in accordance with the laws of the State of New York.

SECTION 23. *Survival of Covenants.* Any other provisions contained in this Lease to the contrary notwithstanding, it is hereby agreed that the provisions of Sections 7, 10, 11, 13 and 15 hereof shall survive the expiration or termination hereof.

SECTION 24. *Successors and Assigns.* Subject to the provisions of Section 13, this Lease shall be binding upon and shall inure to the benefit of Lessor and Lessee and their respective successors and assigns, and no other persons shall have or acquire any right under or by virtue of this Lease.

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SECTION 27. *No Recourse.* No recourse shall be had in respect of any obligation due under this Lease, or referred to herein, against any incorporator, stockholder, director or officer, past, present or future, of Lessor or Lessee, or assignee or assignees or transferee or transferees of Lessor, or against any beneficiary or beneficiaries of Lessor under the Trust Agreement (disclosed or undisclosed), solely by reason of the fact that such person is an incorporator, stockholder, director, officer or beneficiary, whether by virtue of any constitutional

EXHIBIT A

| Group | Description of Cars | Number of Cars | Specifications | Cost Per Car | Monthly Rental for first 40 months of Initial Term | Monthly Rental for subsequent 140 months of Initial Term | Monthly Rental for First Extended Term |
|-------|---|--|-------------------------------|-----------------|--|--|---|
| 1. | 4,785 cubic foot, 100-ton capacity, covered hopper cars, without center sill, with gravity gate unloading and lined | 1,000 Numbered PCB 888749 through 889748, both inclusive | Manufacturer's Specifications | \$17,925.00 | \$113.52 | \$181.81 | \$45.46 |
| 2. | 4,785 cubic foot, 100-ton capacity, covered hopper cars, without center sill, with gravity gate unloading and unlined | 200 Numbered PCB 889749 through 889948, both inclusive | Manufacturer's Specifications | 17,250.00 | 109.25 | 174.98 | 43.75 |
| 3. | 4,785 cubic foot, 100-ton capacity, covered hopper cars, without center sill, with pneumatic unloading and lined | 51 Numbered PCB 889949 through 889999, both inclusive | Manufacturer's Specifications | 18,400.00 | 116.53 | 186.65 | 46.67 |